

**Kentucky Department of Revenue
Division of Individual Income Tax**



**KY Publication 1346
Electronic Return File Specifications for
Individual Income Tax Returns**

**Tax Year 2005
Processing Year 2006**

Draft Version #1: August 2005

Software Developer's Guide

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Section 1: INTRODUCTION

The Kentucky Department of Revenue (KDOR) has successfully completed another season of electronic filing through the Fed/State Electronic Filing Program. We would like to express our appreciation to the software developers that participated during the 2005 filing season and encourage any new software developers to consider Kentucky for the 2006 filing season.

This year the Kentucky Legislature passed a major tax modernization package (HB 272) that included numerous changes to the calculation of individual income tax. Our primary tax forms were redesigned along with the generic record for electronic filing. All changes have been incorporated into this document.

File specifications, file layouts and testing procedures follow the standards defined by the NACTP (National Association of Computerized Tax Processors). If you are not a member of the NACTP, you are encouraged to review the standards. You can visit their web-site at www.nactp.org.

We always welcome your suggestions and comments. Feel free to contact the Department of Revenue at any time. See page 8 for list of contacts.

Section 2: OVERVIEW OF 2006 CHANGES

Beginning with the 2006 processing, the primary tax form for Kentucky (Form 740) has been redesigned. This form redesign has caused a redesign of the generic record for electronic filing. Certain data elements had to be repositioned and numerous fields were added due to the form changes. Most of the electronic filing exclusions Kentucky had in the past are no longer included if the supporting forms are supported by the software developer. See below for a detailed list.

- The Schedule TC form has been incorporated into the primary tax form. Schedule TC was one of the forms excluded from electronic filing. The 12 credits from that form are now in Section A of Form 740.

Non-Refundable Corporate Tax Credit – These fields have an associated worksheet with them in the unformatted record. If the worksheet is not supported by the software developer, you will not be allowed to electronically file any return that has a value in these fields.

Skills Training Credit – If you electronically file a return with a value in these fields, processing will be delayed as the credit requires verification by the Department of Revenue.

Historic Preservation Credit - If you electronically file a return with a value in these fields, processing will be delayed as the credit requires verification by the Department of Revenue.

Tax Paid to Other State Credit - These fields have an associated worksheet with them in the unformatted record. If the worksheet is not supported by the software developer, you will not be allowed to electronically file any return that has a value in these fields.

Qualified Unemployment Credit – Taxpayer should retain copy of the Schedule UTC with the 8453-K. No electronic filing field limitations.

Recycling Credit - If you electronically file a return with a value in these fields, processing will be delayed as the credit requires verification by the Department of Revenue. Taxpayer should retain copy of the Schedule RC with the 8453-K.

KIFA Credit - Taxpayer should retain copies of the certification with the 8453-K. No electronic filing field limitations.

Kentucky Coal Credit - No electronic filing field limitations.

Qualified Research Facility Credit - Taxpayer should retain copy of the Schedule QR with the 8453-K. No electronic filing field limitations.

GED Incentive Program Credit - Taxpayer should retain copy of Form DAEL-31 with the 8453-K. No electronic filing field limitations.

Brownfields Credit - No electronic filing field limitations.

Biodiesel Credit - No electronic filing field limitations.

Note: All of the credits listed above have supporting documentation that the taxpayer is required to retain with Form 8453-K.

- The Low Income Credit has been replaced by the Family Size Tax Credit (FSTC). The FSTC percentage is determined by family size and modified gross income.

The Family Size Tax Credit is based on modified gross income (MGI) and the size of the family. MGI is equal to federal adjusted gross income plus any interest income from other states' municipal bonds and pension income from a qualifying lump-sum distribution. Single individuals whose MGI and married couples whose combined MGI is at or below federal poverty level for their family size will receive a 100 percent tax credit. The 2005 MGI levels that qualify for the 100 percent tax credit are:

Size of Family Unit / Description	Amount
1 - An individual either single or married living apart from his or her spouse for the entire year	\$ 9,570
2 - An individual with one dependent child or a married couple	\$12,830
3 - An individual with two dependent children or a married couple with one dependent child	\$16,090
4 or more - An individual with three dependent children or a married couple with two dependent children	\$19,350

Children of divorced or separated parents can be claimed for the FSTC based on where they resided the majority of the year, not necessarily the parent that claimed the child as a deduction.

The following table lists the percentage used in calculating the FSTC based on family size and modified gross income.

	Family Size	Poverty Level		FSTC %
MGI	1		\$ 9,570	100%
	2		\$12,830	100%
	3		\$16,090	100%
	4		\$19,350	100%
MGI		Over	But not over	
	1	\$ 9,570	\$ 9,953	90%
	2	\$12,830	\$13,343	90%
	3	\$16,090	\$16,734	90%
	4	\$19,350	\$20,124	90%
MGI		Over	But not over	
	1	\$ 9,953	\$10,336	80%
	2	\$13,343	\$13,856	80%
	3	\$16,734	\$17,377	80%
	4	\$20,124	\$20,898	80%
MGI		Over	But not over	
	1	\$10,336	\$10,718	70%
	2	\$13,856	\$14,370	70%
	3	\$17,377	\$18,021	70%
	4	\$20,898	\$21,672	70%

	Family Size	Poverty Level		FSTC %
		Over	But not over	
MGI	1	\$10,718	\$11,101	60%
	2	\$14,370	\$14,883	60%
	3	\$18,021	\$18,664	60%
	4	\$21,672	\$22,446	60%
		Over	But not over	
MGI	1	\$11,101	\$11,484	50%
	2	\$14,883	\$15,396	50%
	3	\$18,664	\$19,308	50%
	4	\$22,446	\$23,220	50%
		Over	But not over	
MGI	1	\$11,484	\$11,867	40%
	2	\$15,396	\$15,909	40%
	3	\$19,308	\$19,952	40%
	4	\$23,220	\$23,994	40%
		Over	But not over	
MGI	1	\$11,867	\$12,154	30%
	2	\$15,909	\$16,294	30%
	3	\$19,952	\$20,434	30%
	4	\$23,994	\$24,575	30%
		Over	But not over	
MGI	1	\$12,154	\$12,441	20%
	2	\$16,294	\$16,679	20%
	3	\$20,434	\$20,917	20%
	4	\$24,575	\$25,155	20%
		Over	But not over	
MGI	1	\$12,441	\$12,728	10%
	2	\$16,679	\$17,064	10%
	3	\$20,917	\$21,400	10%
	4	\$25,155	\$25,736	10%

The post-secondary education and tuition credit is new for tax year 2005 (processing year 2006). A new form has been created for this credit (Form 8863-K). This form must be submitted electronically if Field 0510 in the generic record layout has a value greater than zero (0). This credit is limited to 25% of the federal credit allowed for qualified institutions and qualified undergraduate studies. Only expenses for undergraduate studies at Kentucky institutions qualify. Your election of a deduction from income or a credit against tax on the federal return (per student) also determines your eligibility for this credit. You cannot elect a deduction from income on the federal return and change that election on the state return.

The Standard Deduction for 2006 has been increased to \$1,910.00.

The Pension Income Exclusion for 2006 on Schedule P has been increased to \$41,110.

The itemized deduction limitation on Schedule A has been increased to \$145,950.

The following forms and worksheets have been added to the unformatted record layout as supporting documents for Form 740 entries:

Form 8863-K

Form 4972-K

Form 8582-K

Schedule J

Worksheet for Credit for Tax Paid to Other State

Worksheet for Non-Refundable Kentucky Corporation Tax Credit.

Field 0004 in the generic record will be used as an indicator for free file returns.

Kentucky will accept direct debit payments on tax due returns. The payment on any return filed prior to April 17th can be warehoused until that date. After that date there will be no warehousing of the payment. The account will be debited when the return has completed processing. **Field 0027 (Direct Debit Date) is the date the taxpayer wishes to have the payment withdrawn from their account. The amount of the debit payment, Field 0028 (Direct Debit Payment), must match the amount owed on the return, Field 0635. Partial payments will not be accepted.**

Note: The processing of a debit payment can take up to 7 days. Payments warehoused until April 17th may not be withdrawn from the taxpayer's account on the 17th but are treated as timely payments when they are withdrawn. Please make sure your customers are aware of this condition if they elect to warehouse their debit payment.

Section 3: CONTACT INFORMATION

Technical Specifications State Record Layouts PATS Testing

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Section 4: ACKNOWLEDGEMENT SYSTEM

In the 2005 processing season, Kentucky began sending acknowledgements through the IRS. We will use the same format that is described by the IRS for all acknowledgements.

Section 4.1: ACKNOWLEDGMENT CODES

ACC = Acceptance Codes

A = Accepted Return

R = Rejected Return

D = Duplicate Return

EFT = Deposit Codes*

D = Direct Deposit Requested

C = Refund Check Requested

B = Balance Due Return

G = Direct Debit Requested – On any tax due return filed prior to the April 17th deadline, a taxpayer requesting a direct debit payment of tax due may warehouse the payment up until that date. After April 17th, all direct debit withdrawals will be made on the date the return is accepted.

*These codes will only reflect what the taxpayer has requested. Any errors identified during mainframe processing or offset situations will result in **NO** direct deposit being issued. Any residual refunds will be issued with a paper check.

Error = Rejection Codes

2005 Tax Year Reject Codes for ELF System

Form 740 Errors

- | | |
|------|--|
| 0001 | Kentucky return must begin with Federal Adjusted Gross Income |
| 0002 | Invalid Software developer code. |
| 0003 | Invalid EFIN. |
| 0004 | Duplicate Return. Electronic Return already received. |
| 0005 | Error in Federal AGI on married filing separate return. |
| 0006 | Federal Return required for State Only returns. |
| 0007 | Nonresidents and part-year residents are not eligible for electronic filing. |
| 0008 | Unformatted header records incomplete. Software format issue. |
| 0009 | Unformatted record byte count incorrect. |
| 0010 | Invalid debit routing number. |
| 0011 | Invalid debit indicator. Indicator should be "2" for Direct Debit option. |
| 0012 | Invalid debit amount. Debit payment amount must equal amount due on return. |

0013 Invalid debit date. Debit payment cannot be warehoused after April 15th.
 0014 Invalid debit date. Invalid date format in file.
 0015 Incomplete debit/deposit account type. (Checking / Savings account indicator blank)
 0016 Primary social security number missing.
 0017 Spouse social security number missing.
 0018 Name / address fields incomplete.
 0019 City / State / ZIP code fields incomplete.
 0020 Filing status incomplete.
 0021 If filing status 2 is used, each taxpayer must claim his/her own credits.
 0022 Invalid Filing Status. Must equal 1, 2, 3 or 4.
 0023 Taxpayer political party fund code invalid. Must equal 4, 5 or 6.
 0024 Spouse political party fund code invalid. Must equal 1, 2 or 3 if filing status 2 or 3 is used.
 0025 Additions on Form 740, line 6, does not match additions from Schedule M.
 0026 Error in calculation on Form 740 Line 7
 0027 Subtractions on Form 740, line 8, does not match subtractions from Schedule M.
 0028 Error in computing KY AGI, Form 740, line 9.
 0029 Error in standard deduction amount claimed.
 0030 Itemized deductions claimed does not match the Spouse total on Schedule A.
 0031 Itemized deductions claimed does not match the Taxpayer total on Schedule A.
 0032 Error in computing taxable income.
 0033 Line 13 amount claimed does not match value on Form 4972-K.
 0034 Error in tax amount from tax table or computation.
 0035 Total Business Incentive Credits does not match total from page 2, Section A, lines 13A or 13B.
 0036 Total Personal Tax Credits claimed does not match total from Page 2, Section B, lines 4A or 4B.
 0037 Error in computing subtotal tax after business incentive and personal credits, line 18.
 0038 Error in computing Total Family Size
 0039 Error in computing Family Size Tax Credit
 0040 Education Tuition Tax Credit does not match total from Form 8863K.
 0041 Error in computing Child and Dependent Care Credit.
 0042 Error in computing Income Tax Liability, line 26.
 0043 Error in computing Total Tax Liability, page 1, line 28 / page 2, line 29.
 0044 Error in amount claimed as Kentucky Income Tax Withheld.
 0045 Error in amount claimed as Kentucky Estimated Tax Payments.
 0046 Error in amount claimed as Kentucky Refundable Corporate Entity Credit.
 0047 Error in computing line 31, total refundable credits.
 0048 Error in computing amount overpaid.
 0049 Error in computing additional tax due.
 0050 If additional tax due is greater than \$500, you are required to file Form 2210K.
 0051 Error in computing amount you owe.
 0052 Error in computing total Business Incentive Credits, Section A.
 0053 Credit for Tax Paid to Other State not eligible for electronic filing without supporting documentation.
 0054 Corporate Entity Credit not eligible for electronic filing without supporting documentation.
 0055 Business Incentive Credit not eligible for electronic filing.
 0056 Worksheet required when claiming tax paid to another state.
 0057 Check boxes for personal credits must be checked if applicable.
 0058 Error in totaling personal credits.
 0059 Incomplete dependent information.

0060 Total dependents claimed on lines 3A and 3B, Section B, Personal Tax Credits does not equal total credits claimed on line 3.

0061 Calculation error in Section B, Personal Tax Credits, lines 4A and/or 4B.

SCHEDULE M Errors

0062 Schedule M required but not submitted with return.

0063 Spouse total additions is mathematically incorrect.

0064 Taxpayer total additions is mathematically incorrect.

0065 Spouse total subtractions is mathematically incorrect.

0066 Taxpayer total subtractions is mathematically incorrect.

0067 Negative values are not allowed on Schedule M.

0068 Pension exclusion amount claimed cannot be verified. Does not match federal return data.

0069 Social security amount claimed as deduction cannot be verified. Does not match federal return data submitted.

SCHEDULE A Errors

0070 Schedule A required but not submitted with return.

0071 Percentage field format error.

0072 Error in computing KY AGI on Schedule A.

0073 Total contributions are limited to 50% of KY AGI.

0074 Filing status 2 requires page 2, Schedule A to be completed.

0075 Error in total itemized deduction calculation.

SCHEDULE P Errors

0076 Invalid date format in file.

0077 Schedule P required but not submitted with return.

0078 Invalid Percentage field format on Schedule P.

0079 Error in Schedule P flow to Schedule M.

Form 2210K Errors

0080 Part I calculation error on Form 2210K.

0081 Part I data incomplete on Form 2210K.

0082 Part II calculation error on Form 2210K.

0083 2210K required but not filed.

Form 8863K Errors

0084 8863K required but not filed.

0085 Error in calculating education credit.

0086 Incomplete data on 8863K.

Form 4972K Errors

0087 4972K required but not filed.

0088 Calculation error on Form 4972K.

0089 Incomplete data on Form 4972K.

Credit for Tax Paid to Other State Worksheet

0090 Tax Paid to Other State worksheet required but not filed.

0091 Incorrect computation on TPOS Worksheet.

Credit for Refundable / Nonrefundable Corporate Entity Credit

0092 Corporate Entity Credit worksheet required but not filed.

0093 Incorrect computation on Corporate Entity Worksheet.

SCHEDULE J Errors

0094 Schedule J required but not filed.

0095 Calculation error on Schedule J.

0096 Incomplete data on Schedule J.

Section 5: Kentucky Testing Procedures

Software developers that meet the current testing requirements set forth by the IRS are invited to test for Kentucky Department of Revenue acceptance. No formal application is necessary, although, a secondary check against our records will be performed prior to acceptance. The **Kentucky Test Package** will be available after the federal package is released to software developers. All transmissions must contain the software developer's identification. This identification must be provided before the first test file is transmitted. A contact name and email address must also be provided for test result notification. **After your software is accepted, an acceptance letter will be issued which must be provided to all software users with the final version of the software.**

Developers planning to provide on-line filing must submit a set of test records for their on-line program. This set of returns should be submitted after approval of the practitioner software and should contain the on-line filing indicator [(alpha) O] in field 0049 of the generic record.

Developers planning on submitting State Only Returns must also provide a set of test records setting the State Only indicator to "SO". (Field 0019) State Only Indicator. These tests should be submitted after your software has been approved for E-file or On-line file by the Department of Revenue.

Developers may submit their own PATS tests for the 2006 processing season as long as they meet the required form criteria. Kentucky will also devise PATS tests based on the federal PATS tests. Whichever method is used by the developer for testing purposes will need to be identified via email to Marcus.Deaton@ky.gov.

Section 6: EXCLUSIONS FROM KY ELECTRONIC FILING

For the 2005 tax year, beginning January 1, 2006, Kentucky has removed most individual electronic filing restrictions. See forms below that are not accepted electronically.

The following forms/line items will **not** be acceptable for electronic filing:

1. Form 740-X, Amended Kentucky Individual Income Tax Return
2. Form 740-NP, Nonresident or Part-Year Resident Income Tax Return
3. Form 740-NP-R, Nonresident - Reciprocal State
4. Fiscal year filers
5. Prior year returns
6. Any partnership, corporate or fiduciary tax return

*****In addition to the above exclusions from Kentucky electronic filing, any income tax return reflected in the list of exclusions from federal electronic filing cannot be filed through the Federal/State Electronic Filing Program.**

Section 7: SOFTWARE EDITS & CROSS-CHECKS

Software edits must be included in all programs to minimize the number of returns in error due to controllable conditions. The following is a list of the edit guidelines that should be included in the software to properly complete the Kentucky return.

1. Line 5 of Form 740 or Line 1 of Form 740-EZ **must** match the federal adjusted gross income on Line 36 of Form 1040, Line 21 of Form 1040A or Line 4 of Form 1040EZ. **(Exception: If Kentucky filing status is Married Filing Separate Returns and the federal filing status is Married Filing Joint).**
2. Name fields must contain no spaces or punctuation marks. Name suffixes must be contained in the appropriate field. Address fields should contain no punctuation.
3. Taxpayers over 65 or legally blind are entitled to additional tax credits. If fields 0305.50 (Over 65 Credit – Taxpayer), 0305.70 (Blind Credit – Taxpayer), 0305.10 (Over 65 Credit – Spouse) or 0305.12 (Blind Credit – Spouse) are “1”, then the corresponding fields 0305.60, 0305.80, 0305.11 or 0305.13 must equal “1”.
4. Taxpayers in the National Guard are allowed an extra tax credit. “NG” must be placed in the space for Other First Name 4 (0320) and the credit should be added to the Credits – Other Dependents total (Field 0305).
5. The Family Size Tax Credit may be applicable to taxpayers whose Kentucky modified gross income (See instruction #30) is less than or equal to \$25,736. Taxpayers filing “Married Filing Separate Returns” will not be allowed a family size tax credit unless the spouse’s Kentucky adjusted gross income is included in generic record field 0775 to determine the correct calculation. This credit is based on Family Size (See instruction 31) and KY modified gross income.
6. If a taxpayer’s Kentucky modified gross income is negative, the Kentucky modified gross income is zero (\$0) for family size tax credit calculation.
7. If one taxpayer uses itemized deductions then the spouse must also itemize deductions. Returns filed with 2 Schedule A forms are accepted. The standard deduction is only available to non-itemizers. Married Filing Joint Returns are only entitled to one standard deduction.
8. All additions and subtractions to federal adjusted gross income on Schedule M must be positive numbers. Negative numbers will cause the return to be rejected.
9. If Kentucky Schedule A, Schedule M, Schedule P, Schedule J, Form 2210-K, 4972-K, Form 8863-K or Form 8582-K are utilized or required and the software does not support these schedules or forms, the taxpayer will not be allowed to file electronically. Any return requiring and missing these schedules will be rejected.
10. If the Kentucky adjusted gross income has a negative value, it is treated as such on the Kentucky Schedule A for the adjusted gross income fields.
11. Fields 0050 and 0052 are required if someone other than the taxpayer prepares the return.
12. Software Developer Code is required for testing and for live transactions. If the code is different from testing to live transactions or changes from the previous year, the Systems Development Branch must be notified. Returns containing invalid

software codes will be rejected and deleted. **If this is the first year of testing or your code has changed, your Software Developers Code must be provided before test records are sent.** Every attempt will be made to identify the vendor that submitted the file with the unidentified vendor code.

13. All “other additions (Schedule M, line 5)” and “other subtractions (Schedule M, line 15)” require comments to be entered. If data is present in Schedule M fields 0100, 0175, 0220 or 0280, then corresponding data must be contained in Other Additions or Other Subtractions verbiage fields (Additions fields 0085, 0090 & 0095 / Subtractions fields 0160, 0165 & 0170).
14. Underpayment of Estimated Tax Penalty--Form 2210-K is required if Form 740, line 40 (field 0605), exceeds \$500. If required, field 0610 must equal the state unformatted record field 0110 of Record ID 2210Kb.
15. Late Filing Penalty--If field 0320.20 is “N” and the filing date is after April 17, 2006, a late filing penalty must be calculated. The penalty is 2 percent of the additional tax due (Field 0605) for each 30 days or fraction thereof that a return is not filed. The penalty does not exceed 20 percent and the minimum penalty is \$10.
16. Late Payment Penalty--For returns filed after April 17, 2006, if the amount timely paid (field 0560) is greater than 75 percent of the tax determined due (field 0540), no late payment penalty is due. If the amount prepaid (field 0560) is less than 75 percent of the tax determine due (field 0540), then a penalty of 2 percent of the tax computed due (field 0605) may be assessed for each 30 days or fraction thereof that the tax is past due, not to exceed 20 percent. The minimum penalty is \$10.
17. Interest--For returns filed after April 17, 2006, interest is assessed at the “tax interest rate” from April 17, 2006, until the date of payment. For 2004 tax returns (calendar year 2005), the interest rate is 4 percent or .000109 daily. The interest rate for 2005 tax returns (calendar year 2006) has not yet been set.
18. Spouse data is required for Kentucky filing status “Married, filing separately on a combined return.”
19. In the Consistency Section, fields 0150 through 0205 are required fields if data in the comparable fields on the federal return are significant. They must agree with the federal data contained in the unformatted record.
20. Childcare is only allowable if federal Form 2441 is submitted. It should be included in the unformatted record with the federal data, even if it is not required for federal purposes. Line 9 of Form 2441 is the amount used to calculate the Kentucky credit for child-care expenses.
21. The format for percentage fields should be as follows: 100% = “10000”; 89.95% = “08955”; 3.45% = “00345”; 70% = “07000”.
22. On the Schedule P the following pairs of fields are mutually exclusive (if one contains an amount, the other must be zero): fields 0060 & 0065, fields 0080 & 0085, fields 0100 & 0105, fields 0140 & 0145, fields 0170 & 0175 and fields 0200 & 0205.
23. Foreign Address - The foreign address will be printed in the same fields allocated for domestic address on the form.
24. Political Party Fund – One of the three (3) taxpayer political party fund options must be selected for all filing statuses. If “Single” or “Married Filing Separate Returns” the spouse political party fund should be NULL. If married filing joint or married

- filing separate on a combined return filing status is selected, one of the taxpayer and spouse political party fund options must be selected.
25. Computation for 2210-K penalty. If Income Tax Liability is > \$500, add Income Tax Liability (Generic Record Field 0530) plus Spouse Tax Paid to Other State Credit (Field 0665) + Taxpayer Tax Paid to Other State Credit (Field 0670). If Total Payments (Field 0560) is $\geq 70\%$ of the above calculation, no penalty is due.
 26. If the Schedule A is present in the file layout, the KY AGI fields can be populated even if that section of the Schedule A is not utilized.
 27. The Fields in the Consistency section are required fields. If not present in the federal return, zeroes are required.
 28. **Do not cross forms between two unformatted records. This will cause a rejection of the return.**
 29. Field 0074 (C/O Address). C/O info, if entered, should be placed in Address line 1, followed by street address in Address line 2. Field 0074 will not be used for KY purposes.
 30. Kentucky Modified Gross Income – The Family Size Tax Credit must be computed using the modified gross income for KY. This would be the Federal adjusted gross income plus bond interest from sister states excluded on federal return plus tax on lump-sum distributions calculated on Schedule 4972K.
 31. Family Size – This must also be computed along with the KY modified gross income to determine the correct percentage for the Family Size Tax Credit.

Size of Family Unit

Family Size 1: An individual either single or married living apart from his or her spouse for the entire year.

Family Size 2: An individual with one qualifying dependent child or a married couple.

Family Size 3: An individual with two qualifying dependent children or a married couple with one qualifying dependent child.

Family Size 4: An individual with three or more qualifying dependent children or a married couple with two or more qualifying dependent children.

Section 8: Kentucky Record Layout & File Specifications

Federal Data – A complete copy of the federal return is required on all electronically filed returns including state only returns.

The federal data should be identical to the IRS data with the exception of four (4) characters. For these characters, a state character should be substituted for the corresponding IRS value. The characters are as follows:

IRS Character	Substitution Character	ASCII Hex	EBCDIC Hex
****	!!!!	21212121	5A5A5A5A
[{	7B	C0
]	}	7D	D0
#	\$	24	5B

The federal data may be formatted using the IRS formatting requirements for variable length records or the IRS formatting requirements for fixed length records. A flag in alphanumeric field 0320.10 will indicate the format utilized. The values are as follows:

“V” = Variable Format

“F” = Fixed Format

The IRS Summary Record should not be placed in the unformatted state record. If it is included, it will not be edited or processed by the Cabinet.

Refer to Publication 1346, Part I, Section 12 “Federal/State Electronic Filing Specifications” for a discussion of the unformatted state record.

Generic Record Layout – The Kentucky tax returns are reviewed yearly to reflect legislative changes as well as any IRS changes that Kentucky adopts. The generic record has been designed to reflect these changes as well as to adopt the standards and guidelines agreed on by the states and development community. Please examine each field in the generic carefully to insure you are meeting our requirements. The Generic record includes the Form 740, pages 1 and 2, only. If the 740-EZ is filed it should be formatted in the 740 format.

Unformatted Record Layout – (Federal) The unformatted federal record should follow the generic record. It should be a separate unformatted record from the state unformatted record ended with a “#” sign.

Unformatted Record Layout – (State) The unformatted state record is used for all forms and schedules that are attachments to the Form 740. This would include Schedule M, Schedule A, Schedule P, Schedule J, Form 2210-K, Form 4972-K, Form 8582, Form 8863-K, Form 4562-K and 2 supporting worksheets. The 4562-K is the federal 4562 recalculated excluding the bonus depreciation. If state unformatted data exists, it should always follow the federal unformatted record.

TY 05 Filing Period – Kentucky’s filing period for electronic returns will be identical to the IRS filing period. Our last date to accept returns is October 15, 2006.

On-line Filing – The Kentucky Department of Revenue accepts return filed on-line. The layout for these returns is identical to other electronically filed returns. A value of “O” should appear in field 0049 to identify on-line returns.

State Only Filing – The Kentucky Department of Revenue accepts state only filed returns. Field 0019 in the generic record should be set to “SO” to identify these returns. The federal return is required before we will accept state only filed returns. If the federal return is not present, the return will be rejected with a reject code of **0006**.

Please note the following items:

- Only whole dollar amounts should be entered on the federal and state returns.
- The record consists of the generic record and separate unformatted records. The generic record should always be followed by the federal unformatted record then the state unformatted record, if it exists.

SAMPLE ADDRESSES

Prefix Names:

EXAMPLE:	O’Brien	KEY:	Obrien
	Van Winkle		Vanwinkle
	Mc Donald		McDonald

Street:

EXAMPLE:	120 South Fourth Street
KEY:	120 South Fourth Street

EXAMPLE:	23 East 4th Street
KEY:	23 East 4th Street

EXAMPLE:	2466 1/2 West Highway North
KEY:	2466 West Highway North

EXAMPLE:	C/O George Smith
KEY:	CO George Smith

EXAMPLE:	C/O Jones Mfg Co
KEY:	Jones Mfg Co

EXAMPLE:	C/O 123 Main St
KEY:	123 Main St

EXAMPLE:	12 North St Apt #4
KEY:	12 North St Apt 4

EXAMPLE:	34 Hopewell-Bohon Rd
KEY:	34 Hopewell Bohon Rd

EXAMPLE:	543 Lovelace-Florence Station Rd
KEY:	543 Lovelace Florence Stat Rd

Section 9: Generic Record Layout

See 2005 Electronic File Layout Document on our website

Section 10: State Unformatted Record Layout

After the generic record, the unformatted federal record is required followed by the record terminus character “#”. The federal unformatted record is required on all returns, including state only returns.

The next section is the state unformatted record. If any of the following forms are used by the taxpayer, the data should be included in this record followed by the record terminus character “#”.

Schedule A

Schedule J

Schedule M

Schedule P

Form 2210K

Form 4562K

Form 4972K

Form 8582K

Form 8863K

Worksheet A

Worksheet B

Section 11: Acknowledgement Record Layout

The IRS will be handling the state acknowledgements. See the format below.

TRANA Outer

Field #	Position	Data	Description	Field Info	Length
	1	0120	Byte Count		4
	5	****	Record Sentinel		4
0000	9	TRANAb	Tran A Identifier (All Caps)		6
0010	15	610600439	EIN of Transmitter	On Form 8633	9
0020	24	KENTUCKY DEPT OF REVENUE	Transmitter Name		35
0030	59	PREPARER'S AGENT	Transmitter Type		16
0040	75	"G" = Philadelphia	Processing Site		1
0050	76		Transmission Date	Date file is built - YYYYMMDD	8
0060	84		ETIN of State + Use Code	On Form 8633	7
0070	91		Julian Date	Blank	3
0080	94	01 - ?	Transmission Seq.	Files Per Day	2
0090	96	A	Transmission Format	A = ASCII	1
0100	97	F	Record Type	F = Fixed / V = Variable	1
0110	98		EFIN Of Transmitter	Blank	6
0120	104		Filler	Blank	5
0130	109		Reserved	Blank	1
0140	110		Reserved	Blank	1
0150	111		Reserved	Blank	6
0160	117	T or P	Production - Test	T = Test / P = Production	1
0170	118	Z	Transmission Type Code	Z = State Acknowledgement	1
0180	119		Reserved	Blank	1
	120	#	Terminus		1

TRANB Outer

Field #	Position	Data	Description	Field Info	Length
	1	0120	Byte Count		4
	5	****	Record Sentinel		4
0000	9	TRANBb	Tran B Identifier (All Caps)		6
0010	15	610600439	EIN of Transmitter (Must match TRANA Record)		9
0020	24	1266 LOUISVILLE RD	Transmitter Address		35
0030	59	FRANKFORT KY 40620	Transmitter Type		35
0040	94	5025645370	Transmitter Phone		10
0050	104		Filler	Blank	16
	120	#	Terminus		1

TRANA Inner

Field #	Position	Data	Description	Field info	Length
	1	0120	Byte Count		4
	5	****	Record Sentinel		4
0000	9	TRANAb	Tran A Identifier (All Caps)		6
0010	15		EIN of Transmitter		9
0020	24		Transmitter Name (Mailbox ID)		35
0030	59	PREPARER'S AGENT	Transmitter Type		16
0040	75	"D" = Memphis	Processing Site		1
0050	76		Transmission Date	Date file is built - YYYYMMDD	8
0060	84		ETIN of Transmitter		7
0070	91		Julian Date		3
0080	94		Transmission Seq.		2
0090	96	A	Transmission Format	A = ASCII	1
0100	97	F	Record Type	F = Fixed / V = Variable	1
0110	98		EFIN Of Transmitter		6
0120	104		Filler	Blank	5
0130	109		Reserved	Blank	1
0140	110		Reserved	Blank	1
0150	111		Reserved	Blank	6
0160	117	T or P	Production - Test	T = Test / P = Production	1
0170	118	Z	Transmission Type Code	Z = State Acknowledgement	1
0180	119		Reserved	Blank	1
	120	#	Terminus		1

TRANB Inner

Field #	Position	Data	Description	Field Info	Length
	1	0120	Byte Count		4
	5	****	Record Sentinel		4
0000	9	TRANBb	Tran A Identifier (All Caps)		6
0010	15		EIN of Transmitter		9
0020	24		Transmitter Address		35
0030	59		Transmitter City State ZIP		35
0040	94		Transmitter Phone	Blank	10
0050	104		Filler	Blank	16
	120	#	Terminus		1

ACK Key Record

Field #	Position	Data	Description	Field Info	Length
	1	0120	Byte Count		4
	5	****	Record Sentinel		4
0000	9	ACKbbb	ACK Record ID		6
0005	15		Reserved IP Addr Code	Blank	1
0010	16		EIC Indicator	Blank	1
0020	17		Primary SSN		9
0030	26		RSN: Numeric ETIN (5) Transmitter Use Code (2) Julian Date (3) Trans Seq Number (2) Seq Num for Return (4)		16
0040	42		Refund or Balance Due field from return	Blank	12
0050	54		"A" = Accepted "R" = Rejected "D" = Duplicate		1
0060	55		Duplicate Code	Blank	3
0065	58		PIN Presence Indicator	Blank	1
0070	59		EFT Code	Blank	1
0080	60		Date Accepted	YYYYMMDD	8
0090	68		Return DCN		14
0100	82		Number of Error Records	Numeric 00-96	2
0110	84		FOUO RET SEQ NUM	Blank	13
0112	97		State DD Ind	Blank	1
0115	98		Payment Acknowledgment	Blank	15
0117	113		Date of Birth Validation	Blank	1
0118	114		Filler	Blank	1
0119	115		State Only Code	Blank	2
0120	117		Debt Code	Blank	1
0130	118	KY	State Packet Code		2
	120	#	Record Terminus Character		1

ACK Error Record

Field #	Position	Data	Description	Field Info	Length
	1	0120	Byte Count		4
	5	****	Start of Record Sentinel		4
0000	9	ACKRbb	Record ID		6
0010	15	Numeric (Must match ACK Key Record)	Primary Taxpayer SSN		9
0020	24		Reserved	Blank	7
0030	31		Error Record Sequence Number	Blank	2
0040	33		Error Form Record ID	Blank	6
0050	39		Error Form Record Type	Blank	6
0060	45	PG00b	Error Form Page Number		5
0070	50	0000001	Error Form Occurrence Number		7
0080	57		Error Field Sequence Number	Blank	4
0090	61	Numeric, Refer to KY Reject Codes	Error Code		4
0100	65		Filler	Blank	55
	120	#	Record Terminus Character		1

ACK Recap Record Inner

Field #	Position	Data	Description	Field Info	Length
	1	"0120"	Byte Count		4
	5	"*****"	Start of Record Sentinel		4
0000	9	"RECAPb"	Record ID		6
0010	15		Filler	Blank	8
0020	23		Total EFT Count	Blank	6
0030	29		Total Return Count	Return count for ETIN (Total ACK Key count)	6
0040	35		ETIN + Use Code (Transmitter)		7
0050	42		Julian Date of Transmission		3
0060	45		Transmission Sequence Number for Julian Date		2
0070	47		Total Accepted Returns	Accepted for ETIN	6
0080	53		Total Duplicated Returns	Blank	6
0090	59		Total Rejected Returns	Rejected for ETIN	6
0100	65		Total Duplicated EFT	Blank	6
0110	71		Computed EFT Count	Blank	6
0120	77		Computed Return Count	Blank	6
0130	83		Total State Only Return Count	Blank	6
0135	89		Total Accepted State Only	Blank	6
0137	95		Filler	Blank	5
0140	100		Acknowledgement file name	IRS Determined	20
	120	#	Record Terminus Character	Sort by ETIN	1

ACK Recap Record Outer

Field #	Position	Data	Description	Field Info	Length
	1	"0120"	Byte Count		4
	5	"*****"	Start of Record Sentinel		4
0000	9	"RECAPb"	Record ID		6
0010	15		Filler	Blank	8
0020	23		Total EFT Count	Blank	6
0030	29		Total Return Count	Total of Inner envelopes	6
0040	35		ETIN + Use Code (State ETIN)	Must Match TRANA Outer record	7
0050	42		Julian Date of Transmission	Blank	3
0060	45		Transmission Sequence Number for Julian Date	Blank	2
0070	47		Total Accepted Returns		6
0080	53		Total Duplicated Returns		6
0090	59		Total Rejected Returns		6
0100	65		Total Duplicated EFT	Blank	6
0110	71		Computed EFT Count	Blank	6
0120	77		Computed Return Count	Blank	6
0130	83		Total State Only Return Count	Blank	6
0135	89		Total Accepted State Only	Blank	6
0137	95		Filler	Blank	5
0140	100		Acknowledgement file name	Must be blank	20
	120	#	Record Terminus Character		1